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SUBJECT: FIRST QUARTER TRANSNISTRIAN TRADE GROWS

REF: CHISINAU 130

SENSITIVE BUT UNCLASSIFIED; PLEASE PROTECT ACCORDINGLY

¶1. (SBU) SUMMARY: The Government of Moldova's (GOM) Transnistrian (TN) trade data show significant increases in certified exports (+30%) and imports (+22%) documented by the Moldovan Customs Service (MCS) in the first quarter. Since January, 26 more TN companies have registered with Chisinau, increasing the total number of registered TN entities to 409. Steel products, light manufacturing, cement and electricity account for 93.2% of all TN exports. Chisinau continues to facilitate legal TN trade, providing registered TN enterprises equal access to Moldovan trade preferences (reftel). END SUMMARY.

TN COMPANIES CONTINUE TO REGISTER WITH CHISINAU

¶2. (SBU) According to the Ministry of Reintegration, 26 TN enterprises registered with Chisinau in the first quarter of 2008 (20 temporarily and 6 permanently). This increased the total number of registered TN enterprises to 409 (258 temporarily and 151 permanently). More than 7,300 customs declarations (on exports) were filed by 60 TN enterprises with the MCS during this quarter. About 30% of the declarations were for exports to the EU. The vast majority (89%) of exports were from Moldova Steel Works (MMZ) and Ribnitsa Cement. MCS processed 1,076 customs declarations filed by 37 TN enterprises, of which 32 declared imports of raw materials for production.

(LEGAL) TN TRADE EXPANDS

¶3. (SBU) Total first quarter TN trade documented by the MCS was valued at Moldovan Lei (MDL) 2.65 billion (about USD 238 million), a 30% increase compared with 2007. (NOTE: The average official exchange rate January-March was MDL 11.11 per USD. END NOTE.) Exports totaled MDL 2.34 billion (about USD 210 million) and imports equaled MDL 315 million (about USD 31.5 million). Transnistria's main exports continue to be steel products from MMZ, which account for 62%, and light manufacturing (apparel, footwear and textiles mainly from Tirotex), which accounts for 15.5% of the total certified exports. Other exports include cement from the Ribnitsa Cement Factory (11.4%), industrial machinery (5.2%), and electricity from the Moldavskaya GRES power plant (4.7%).

¶4. (SBU) According to the GOM, the Moldovan Chamber of Commerce and MCS issued 597 certificates of origin to 39 TN enterprises, including 442 preferential and 155 non-preferential certificates. Preferential trade certificates included 230 Type "A" for access to the EU and Turkey, 97 Type "EUR-ATP" for access to the EU via the new autonomous trade preference (ATP), 68 Type "CT-1" certificates for access to the CIS, and 47 Type "EUR-CEFTA" certificates for access according to the Central European Free Trade Agreement. The

GOM also processed requests for refunds on VAT and customs duties from four TN enterprises for the period January-February, refunding MDL 7.4 million (about USD 666,000). (NOTE: The GOM refunds VAT and customs duties on imports of production inputs bound for export products. END NOTE.)

COMMENT

15. (SBU) The GOM continues to deliver on its promise to facilitate trade for registered TN companies. Although the number of registered TN economic entities continues to grow, four large companies (MMZ Steel Works, Tirotex, Ribnitsa Cement, and Moldavskaya GRES power plant) account for 85% of total exports. We've previously noted the difficulties these companies face, most notably increased transportation costs because of railroad re-routing and customs procedures. However, it seems these companies realize that the road to preferential trade passes through Chisinau. END COMMENT.

KIRBY